



**CREDIT UNION**

**LEVEL 1**

**CERTIFICATION**

**CREDIT UNION  
STARS**



Let's get started with Module 1. First up, how much do you know about credit union history? Find out!



Let it never be forgotten that the credit union is above all else an association of people, not of dollars."

*Alphonse Desjardins,  
Founder,  
North American  
Credit Union Movement*

# THE CREDIT UNION DIFFERENCE

## What's the CU Difference?

The sole reason for credit unions to exist is to help people. They are not-for-profit financial cooperatives, owned by their members. They do not form in order to enrich shareholders.

They are democratically controlled because the members are also owners in the cooperative, not customers. All members can vote for members of the Board of Directors, for instance. It is one person, one vote, no matter the size of your savings account.

## Why did CUs form?

Credit unions formed to promote thrift, and to provide credit. Credit unions first developed in Europe in the 1800s to meet the credit needs of small businesses that could not obtain loans from banks, or could obtain only predatory loans. The idea of cooperative banks grew slowly around the globe.

Credit unions came to North America in 1900 when Alphonse Desjardins, a newspaperman, founded a "peoples bank" in Quebec, Canada. In 1909, Desjardins helped found the first credit union in the U.S., St. Mary's Bank in Manchester N.H.

Meanwhile, interest in financial cooperatives was brewing in Massachusetts. Department store heir Edward Filene saw cooperatives at work in India and thought they would benefit people



Edward Filene

in his hometown of Boston. He eventually provided the vision and the money to form a movement to open more credit unions throughout the country.

## Political Advocacy at the Creation

Massachusetts Banking Commissioner John Jay saw what Desjardins accomplished in neighboring New Hampshire, and liked it. He promoted legislation in his state to allow credit unions.

New Hampshire and shortly thereafter Massachusetts enacted state legislation in 1909 to authorize the creation of credit unions.

Slowly, the corps of credit union promoters grew. The strategy at first was to campaign in state legislatures seeking authorization to create the financial not for profit cooperatives, building enough momentum to eventually seek federal legislation.

Opposition to credit unions came not only from bankers, but from merchants too. In the early days, credit unions bought goods in bulk and sold them to members at good prices, which rankled merchants. Credit unions ruffled many feathers with their mission of People Helping People! Some people also objected to credit unions because they thought them related to labor unions. Just like today, educating lawmakers and the public about what is a credit union was very important.

Dora Maxwell and Louise Herring are two women who crisscrossed the U.S. to help start credit unions. While Filene is called the Father of the American credit union movement, Herring is dubbed its mother. She helped create 500 credit unions.

Filene donated \$1 million to form the Extension Bureau, whose mission it was to advocate at the state level for credit union legislation, as well as help organize credit unions. Roy Bergengren oversaw the bureau.



## CUs in Virginia

Filene dispatched Bergengren to Virginia, and in 1922 the General Assembly added Virginia to the growing list of states authorizing credit unions. Success did not come easily. While Gov. Westmoreland Davis in 1921 told Bergengren that credit unions “might be of value, particularly to wage workers in such cities as Richmond,” Bergengren’s first choice of patron for the legislation initially demurred.

Eventually Del. Richard W. Carrington agreed to carry the bill, but he wrote Bergengren that “there was very little demand for it” among legislative leaders. At one point Carrington wrote words that are as true today as they were back then:

“While I have done the best I could for you in the matter the situation has been just as I thought it would be. Nobody knows anything about the bill, nor has anybody ever heard any demand for the

bill. The fact that you have had people accept you graciously in your conferences does not mean that these same people are willing to give their time to work to put it through. The passage of any bill is a hard tedious job, and the general tendency of each representative is to vote against the bill unless there is some real call for him to vote for it."

Slowly converts were won. Del. R. L. Gordon, Jr., chairman of the Committee on Banking and Insurance, told Bergengren, "I wish you to present my compliment to Mr. Filene and say to him that in this world so full of selfishness and sin it is a great pleasure to know even of a few people who really love their fellow man and are working to secure his welfare and happiness."

Which was the first credit union in Virginia? A credit union serving the Hampton Institute, the forerunner of Hampton University, opened its doors for a few months in 1922. The first Virginia credit union to successfully open long-term was the Richmond Postal Credit Union in 1923. It still operates today.



While bankers today complain that anyone can join a credit union because of the community charter, and that credit unions were not set up to make business loans, the early history proves these practices went hand in hand with credit unions from the beginning. Some of the first credit unions in the U.S. were community-wide, and they started in Europe to serve small businesses. The American incarnation also made credit available to working and middle class people who wanted to run small businesses.

## Growing a movement

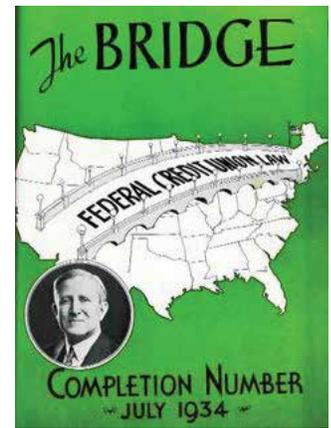
In Virginia as elsewhere, creating credit unions was a hard slog. It proved easier to establish credit unions affiliated with an employer or association. That also made economic sense, since it would enable the credit union management to know that members had gainful employment and were good credit risks. The early credit unions expanded to other Virginia post offices, and then to police in Richmond. While there was a driving need for credit in the rural areas of Virginia, many credit unions at first opened in the cities among employee groups.

Fewer than 20 credit unions survived in the first years following passage of state credit union legislation. Attempts to organize credit unions for major Richmond department stores fell flat at first because of quibbles over Christmas Clubs offered by banks and the word "union" as part of the financial institution's name.

Credit union supporters persevered. In the late 1920s, credit unions served railroad workers in Norfolk, state employees, Norfolk municipal employees, Newport News Shipbuilding, and a rural credit union in Onancock on the Eastern Shore. Alexandria got one too. By the end of the decade, there were 40 credit unions.

The social purpose behind credit unions was more openly discussed in the early days than now. Bergengren created a publication called The Bridge. He wrote, "...[I]f credit unions educate great numbers of our people in the management and control of money; if they result in

a better citizenship; if they serve as a great practical Americanization process – the credit union system will prove to be a bridge – over which, as a people, we may travel to a more perfect, a sound and a permanent democracy.”



In 1927, the Richmond News-Leader newspaper published an editorial backing credit unions as an alternative to what was then called “salary buyers.” The buyers would provide salary advances at 10% per month, or 240% a year. Wrote the newspaper about men who did not have collateral or endorsements, “If he has a job, he can go to a ‘salary buying’ company. If he hasn’t a job, he goes to charity. There are no alternatives. The man who has a job and belongs to a credit union can go to the union, they will make it a business to arrange for his needs.”

The first credit unions in Virginia were not exempt from state tax. In 1930, Bergengren and state allies fought successfully for legislation to reduce the state tax burden on credit unions. The same year, credit unions beat back a proposal by Richmond to levy a flat tax on credit unions. By 1932, as the country’s financial woes worsened, Bergengren sought another state tax reduction. With state revenues already low during the Great Depression, the campaign failed.

With the movement gaining momentum on the state level across the country, the leadership pivoted to Washington in 1932 to seek approval for credit unions in the District of Columbia, which is overseen by Congress. Virginians lobbied their federal lawmakers to back the bill, and it passed. This victory paved the way for 1934, when Congress approved the Federal Credit Union Act. The FCUA authorized credit unions to open anywhere in the nation. It also established credit unions as being exempt from federal corporate income tax.



President Franklin Roosevelt signing FCUA

Also that year, credit union leaders such as Filene, Herring and Maxwell met in Estes Park, Colorado, and established the Credit Union National Association (CUNA). One of the differences between CUNA and the original Extension Bureau is that CUNA would be composed of state leagues, which remains true today.

### Virginia’s CUs Organize the League

A few months after the Estes Park meeting, credit union representatives in Virginia met to form the Virginia Credit Union League. The new League had very little money, and couldn’t even pay its first manager. It hosted its first annual meeting in Richmond in 1936, with an appeal to fun with “snappy songs” and dances. To support the League’s \$200 annual expenses, the League asked credit unions to contribute 2 cents per member. At the next annual meeting, there was more emphasis on the value of membership in the League and CUNA and the need to develop a more sustaining dues structure.

At the start of 1937, Virginia had fewer than 60 credit unions, 20 of which were state chartered. In 1938, 17 credit unions attended the annual meeting, and approved the institution of annual dues.

Bergengren spent a lot of time helping to organize credit unions and the League in Virginia. He also floated the idea of the Virginia and North Carolina leagues sharing a managing director. In 1938, Virginia and North Carolina proceeded with hiring a regional manager. They hired the publisher of their joint newsletter, Hurst Owen, paid him \$1,200 for six months, and based his office in Greensboro. He was instructed to “keep constantly before you the fundamentals of the credit union movement, viz. the elimination of usury– making easy the saving of money and the borrowing of money for provident purposes at reasonable rates.”

In less than three months, Owen had organized four new credit unions.

The League and the national movement continued to strengthen their foundation despite setbacks and changing times. Filene died in 1937, and rifts developed between Bergengren and others at CUNA, eventually leading to Bergengren’s exit. WWII saw credit unions taking depositors money and either putting the funds in banks to earn interest or investing in government securities to underwrite the war effort.

In 1942, Virginia and North Carolina broke up. Virginia and Tennessee in 1946 agreed to share a manager, Elizabeth K. Lynch, who previously had worked for Florida’s credit unions. Virginia had only 80 credit unions at the end of 1946. A year later, there were 10 more. Credit union growth post-WWII accelerated, and in 1948 Tennessee and Virginia dissolved their managing agreement, with Lynch moving to Tennessee full-time.

People always ask why the League is headquartered in Lynchburg. For its first dedicated paid managing director, the League tapped Garland K. Keeling, the treasurer of Hill City Laundry Credit Union in Lynchburg. Keeling wanted to stay in Lynchburg.

## **Credit Unions Today**

The credit union system both in Virginia and nationally evolved greatly from the time of Keeling’s stewardship to now. Credit union numbers peaked in Virginia at 400. With changing demands in the financial services area, from cyber security, technological infrastructure, and an increasing regulatory burden levied by the federal government, credit union mergers have increased.

What hasn’t changed is the commitment of credit unions to their roots, summed up by the phrase “People Helping People.” We see that in today’s credit unions dedication to financial literacy, to serving their communities through contributions to local causes, and providing programs that promote thrift and access to credit. Credit unions lead the way in providing an alternative to today’s version of the salary buyers, the payday lenders and car title lenders, by offering small, low-cost loans to members, as well as credit builder services.

What also hasn’t changed is the need for credit unions to advocate on their own behalf with state and federal governments. As history demonstrates, credit unions wouldn’t exist at all without authorization by government. State and federal governments continue to rule over credit unions with laws and regulations on everything from protecting consumer privacy to bankruptcy and lien rules to how much a credit union can charge for for swipe fees to how much a credit union can loan to small business owners.

Credit unions are influenced by the Rochdale principles of cooperatives, developed in the 1800s by a group of business owners in England. These principles include democratic member control; education, training, and concern for community.

If you travel, you can visit the Rochdale Pioneer Museum in Lancashire, England. You can also visit America's Credit Union Museum in Manchester, NH. It occupies the three-family house where our nation's first credit union, St. Mary's Cooperative Credit Association (later called St. Mary's Bank of the People), operated.

Closer to home is the Credit Union House of Virginia, located in Richmond. There is a history room there showcasing photos and memorabilia from the Commonwealth's proud credit union past.

Your own credit union may have compiled its history. In 2001, for instance, the then Fairfax County Employees Credit Union published a book detailing its beginnings.

Today, the legacy of Desjardins, Herring, and Maxwell live on in the name of awards that are given each year by CUNA to recognize credit unions that excel in teaching financial literacy, fulfilling the philosophy of the credit union movement, or demonstrating social responsibility. The CUNA Mutual Group offers an award in Bergengren's name.

In Boston, you can see a tribute to Filene in the Boston Common and a plaque near the main entrance of the Massachusetts legislature for Jay to recognize both men's work in establishing the credit union movement.

Finally, the think tank for credit unions, the Filene Research Institute, is named after Edward Filene.

## THE FUTURE OF THE CREDIT UNION SYSTEM IS DEPENDENT UPON OUR ACTIONS TODAY.



It is crucial that people involved in credit unions today appreciate that a world with credit unions is not a given. We must do what we can to ensure that credit unions will thrive in the 21st century and provide consumers with the option of being a member of a not-for-profit financial cooperative. We must continue to stay politically involved.

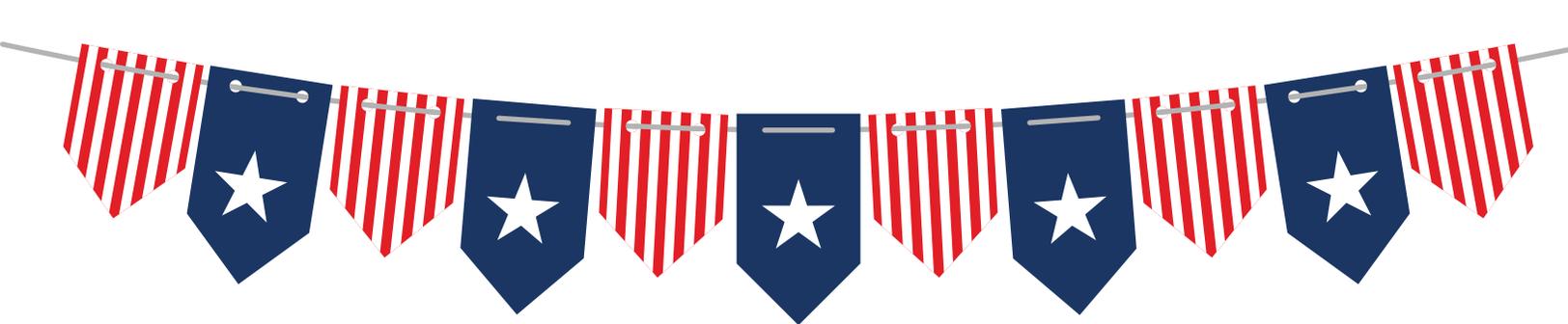
*Thanks to "Of the People, By the People, and For the People" by William R. Wilkerson and the University of Wisconsin Center for Cooperatives for information contained in this history.*

# ASSIGNMENT

In approximately 200 words, write something about your credit union that speaks to its historical development or its service to members as part of its mission of People Helping People.



Email completed Assignment to [ksherbin@vacul.org](mailto:ksherbin@vacul.org)



# BE A GREAT AMERICAN

There is no sense living in a democracy if you don't participate. There's more to being a good citizen than voting. You should understand how legislation comes to be, and which elected officials have the most say in your business (literally, the credit union business). Also, how do you meet with a lawmaker? And who else is supporting your lawmaker through campaign contributions?



## RESOURCES

## CIVICS 101

Key committees of Commerce and Labor in the state legislature:

[www.viriniageneralassembly.gov](http://www.viriniageneralassembly.gov)

Virginia General Assembly: How a bill becomes a law

<http://capclass.viriniageneralassembly.gov/Middle/HowABill/HowABill.html>

U.S. Congress: How a bill becomes a law

School House Rock video on Legislative Process: I'm Just a Bill: <https://www.youtube.com/watch?v=tyeJ55o3E10>

From the Congress.gov web site: Legislative Process (more details than the other options).

<https://www.congress.gov/legislative-process/introduction-and-referral-of-bills>

Find your federal lawmakers, and what their committee assignments are: [www.house.gov](http://www.house.gov) and [www.senate.gov](http://www.senate.gov)

Donations to state lawmakers: [www.vpap.org](http://www.vpap.org)

# ASSIGNMENT

Using the online resources, and the credit union history, answer the following questions:

Which of our state legislators sit on our key committees in the General Assembly, the House and Senate Commerce and Labor committees?

Which of our federal lawmakers sit on our key committees in Congress, the House Financial Services Committee and the Senate Banking Committee?

Who are the top five donors for your state delegate and senator?

Why do you want build a relationship with legislative staff?

What do you do if you can't answer a lawmaker's question?

What can be your most compelling element in a presentation to a legislator?

Is there an alternative to meeting in the national or state capitals?

Why do you need to educate lawmakers and their staff on credit unions and their issues?

Email completed Assignment to [ksherbin@vacul.org](mailto:ksherbin@vacul.org)



# BE INFORMED

You can stay updated on what is happening politically and legislatively with free subscriptions to one or several League electronic publications. They are:



You can sign up for any of these publications at:  
<http://www.vacul.org/Advocacy/League-Public-Relations/News-Publications>

## PROTECTING YOUR MEMBERS

through Advocacy

Advocating can take many forms. An easy way to advocate with lawmakers is to respond to an Action Alert.

Periodically the League or the Credit Union National Association (CUNA) will issue an action alert.



The alert is a call to action on a state or federal legislative/regulatory issue. The alert is publicized by the League in its various publications.

## What to do when you receive an action alert?

Click on the link within the alert that will take you to the page that will provide the following:

- 1 Explanation of the issue
- 2 A way to determine who your lawmakers are
- 3 A text block in which you can send an email. The web page will give the option of using provided language, or crafting your own message. If you use the provided language, we encourage you to personalize the message. For instance, the first sentence can be: *"I am a member of the XYZ Credit Union, and am very concerned about (Bill Number) that will make it harder for us to help our members."* Then use the provided language as you wish.
- 4 Press the submit button when done.  
*But before you do, copy your message and forward it to the League so we have a record of your response.*

*If you receive a response to your contact with the lawmaker, please let us know that too.*



# ASSIGNMENT

Respond in a timely way to an action alert. Copy your communication and send to [ksherbin@vacul.org](mailto:ksherbin@vacul.org). The action alert could be for a legislative or regulatory issue.



Email completed Assignment to [ksherbin@vacul.org](mailto:ksherbin@vacul.org)

# SUPPORTING LEGISLATIVE ALLIES

Our advocacy efforts work best when we have lawmakers in office who understand how we serve our members/communities. We especially appreciate lawmakers who directly work on behalf of credit union requests.

We need to keep our allies in office. We do that by using funds donated to the Virginia Credit Union Political Action Committee (VACUPAC) as campaign contributions to legislative friends.

VACUPAC is a nonprofit, nonpartisan PAC focused on solely credit union issues. Contributions are not tax deductible. They are voluntary, i.e., they cannot be required as a term of employment.

VACUPAC allows individual credit unions to make donations that we pool. Even if people contribute just \$25, or 50 cents a day, we could leverage that into meaningful donations to our legislative champions.

VACUPAC is the only PAC representing Virginia's credit union members to state candidates. If your credit union has a signed permission agreement with the Credit Union National Association, then a portion of the contribution is forwarded to CUNA's national PAC and is used to support Virginia's federal lawmakers.



# ASSIGNMENT

Contribute to VACUPAC. If you already are, consider increasing to a higher level. You can contribute any amount you choose. Below are the giving levels recognized by pins:

- a. \$25
- b. \$52
- c. \$100
- d. \$250
- e. \$500
- f. \$1,000
- g. \$1,500

You can see the pins by going to:

<http://www.vacul.org/Advocacy/Governmental-Affairs/VACUPAC/Contribute-to-VACUPAC>.

You will need a password to see this page. If you don't have one for [www.vacul.org](http://www.vacul.org), the League website, already, then you can register for free for one at the home page. Legally we need to password protect most of our online VACUPAC solicitation information.

Email completed Assignment to [ksherbin@vacul.org](mailto:ksherbin@vacul.org)

**CREDIT UNION  
ADVOCATE  
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# HOW DO I MAKE A CONTRIBUTION?

- 1 Payroll deduction. Usually done through HR. A small amount will be automatically taken from your paycheck each period, e.g., \$1 per week for the \$52 level.
- 2 If there is no payroll deduction plan at your credit union for VACUPAC, then you make out a check for VACUPAC.
- 3 Send check to the VA Credit Union League, c/o Cathy Baldwin, 1207 Fenwick Drive, Lynchburg 24502.
- 4 Or, your credit union or chapter may have a point person for collecting VACUPAC checks. You can give your check to that person if you wish.



## PROMOTE VACUPAC

You can raise awareness about VACUPAC without having to approach anyone. Just wear your VACUPAC pin!